

FEDERAL BUREAU OF INVESTIGATION  
FOI/PA  
DELETED PAGE INFORMATION SHEET  
FOI/PA# 1494873-000

Total Deleted Page(s) = 54

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3/3/67

airtel

1 - FOF

1 -

b6

b7C

To: SAC, Phoenix (46-0)

From: MCT-45 Director, FBI

55552 -

REC- 50

b6

b7C

ET-AL.

FAG

(OO: PX)

(BUDED: 3/15/67)

01-PX-69

RPT/W/b/sus/o/a/ 6/9-67

Reurairtel 3/2/67 and letterhead memorandum enclosed therewith.

The character has been changed to FAG inasmuch as the allegation appears to relate to FAG.

Dissemination of referenced letterhead memorandum is not being made inasmuch as it is unnecessarily bulky for dissemination purposes. Such letterhead memoranda are disseminated to the Civil Service Commission to advise it of derogatory information concerning Government employees and such letterhead memoranda should very briefly set forth the allegation and a statement as to whether an investigation is, or is not, being conducted by the FBI.

It is further believed advisable that the information set forth in the letterhead memorandum be discussed with the USA to obtain his opinion as to whether that information is sufficiently indicative of a violation of a Federal statute to warrant prosecutive consideration.

In view of the above, resubmit letterhead memorandum by 3/15/67 briefly setting forth the allegations concerning the subjects, together with a statement as to whether any action is

FJB:pab

(5)

MAILED 25  
MAR 8 1967  
COMM-FBI

Tolson \_\_\_\_\_  
DeLoach \_\_\_\_\_  
Mohr \_\_\_\_\_  
Wick \_\_\_\_\_  
Casper \_\_\_\_\_  
Callahan \_\_\_\_\_  
Conrad \_\_\_\_\_  
Felt \_\_\_\_\_  
Gale \_\_\_\_\_  
Rosen \_\_\_\_\_  
Sullivan \_\_\_\_\_  
Tavel \_\_\_\_\_  
Trotter \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Holmes \_\_\_\_\_  
Gandy \_\_\_\_\_

MAIL ROOM ☐ TELETYPE UNIT ☐

62 MAR 17 1967

Airtel to SAC, Phoenix  
RE:

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b7C

being taken by the FBI. The AUSA's preliminary prosecutive opinion may also be set forth. If prosecutive consideration will be given by the USA in this matter, it is imperative that continuous investigative attention be afforded the allegations and that a report be submitted at an early date. If prosecutive consideration will not be given this matter, submit a closing report setting forth the necessary details for the information of the Department of Justice, the Bureau, and the employing agency of the subjects.

It is noted on page three of reairtel that UACB no investigation is being conducted inasmuch as the allegations involve officials of another Government agency. This reasoning is not at all clear to the Bureau. While it is important to advise the Bureau of allegations against prominent Government officials, their positions do not preclude them from investigations if allegations of violations of statutes within our investigative jurisdiction are received. Insure this is thoroughly understood by responsible personnel handling these matters.

F B I

Date: 3/2/67

Transmit the following in \_\_\_\_\_  
(Type in plaintext or code)Via A I R T E L A I R M A I L  
(Priority)

REC-50

TO : DIRECTOR, FBI

FROM : SAC, PHOENIX (46-0)

SUBJECT: [REDACTED] Official with  
U. S. Forest Service, Washington,  
D. C.: [REDACTED]  
[REDACTED]  
[REDACTED] U. S. Forest Service,  
Albuquerque, New Mexico:  
[REDACTED]  
U. S. Forest Service, Department of  
Agriculture, Washington, D. C.  
INFORMATION CONCERNING -  
(FRAUD & ACCOUNTING SECTION)

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The enclosed letterhead memorandum, consisting of the original and five copies, is self-explanatory.

Due to the delicate nature of this allegation involving officials of a government agency, and the fact the allegations are not supported at this time by documentary evidence, and in consideration of the sources, who specifically requested their identities not be disclosed, due to the fact they were afraid of reprisals, are being protected and not being disclosed in the letterhead memorandum.

ENCLOSURE

- 3 - Bureau (Enclosures - 6) (AM)
- 1 - Albuquerque (Enclosure - 1) (Inf) (AM)
- 1 - Las Vegas (Enclosure - 1) (Inf) (AM)
- 1 - Phoenix

GWM:mss  
(6)

MCT-45  
REC-501 copy  
2/9/68 WSC/MSb3  
b7E

55552-1

MAR 9 1967

Approved: \_\_\_\_\_ Sent \_\_\_\_\_ M Per \_\_\_\_\_  
Special Agent in Charge

F B I

Date: 3/2/67

Transmit the following in \_\_\_\_\_  
(Type in plaintext or code)Via A I R T E L A I R M A I L  
(Priority)

PX 46-0

The specific spelling and complete name of the U. S. Forest Service (USFS) personnel referred to in the letterhead memorandum were obtained, where available, from a USFS Official Personnel Roster, published by the USFS, Washington, D. C.

The individual first referred to in the letterhead memorandum is [redacted] Aero American Corporation, West Ajo Road, Tucson, Arizona, was contacted by SAS [redacted] and [redacted] on 2/15-16/67.

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b7C

The second individual (source) referred to in the letterhead memorandum, and person who initially furnished the information [redacted] is [redacted]

[redacted] for USFS, [redacted]

[redacted] and furnished to SA [redacted] on 2/11/67. [redacted] also advised he would [redacted]

[redacted] but felt something should be done about the matter. [redacted]

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b7C  
b7D

The Dun and Bradstreet information, furnished by [redacted] whose identity is known to the Bureau, was furnished to SA [redacted] on 2/21/67.

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Information copies are designated for Albuquerque and Las Vegas, in the event investigation is conducted.

It is noted that [redacted] Inter-mountain Aviation Corporation, was previously employed by the USFS.

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b7C

- 2 -

Approved: \_\_\_\_\_ Sent \_\_\_\_\_ M Per \_\_\_\_\_  
Special Agent in Charge

F B I

Date: 3/2/67

Transmit the following in \_\_\_\_\_  
(Type in plaintext or code)Via A I R T E L A I R M A I L  
(Priority)

PX 46-0

Inasmuch as this information involves officials of another government agency, no investigation is being conducted or set out, UACB.

- 3 -

Approved: \_\_\_\_\_ Sent \_\_\_\_\_ M Per \_\_\_\_\_  
Special Agent in Charge



UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to  
File No.

Phoenix, Arizona  
March 2, 1967

RE: [REDACTED] Official with  
U. S. Forest Service, Washington,  
D. C.:  
[REDACTED]  
[REDACTED] U. S. Forest Service,  
Albuquerque, New Mexico;  
[REDACTED]  
U. S. Forest Service, Department of  
Agriculture, Washington, D. C.

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b7C

An individual, familiar with the air industry, who requested his identity not be disclosed, advised agents of the Federal Bureau of Investigation, on February 16, 1967, that the Intermountain Aviation at Marana, Arizona, apparently has a

[REDACTED]  
[REDACTED] Intermountain Aviation suddenly came into existence shortly after the closing of the U. S. Air Force Marana Air Base, Marana, Arizona, ten miles south of Tucson, Arizona. At the inception (1961), Intermountain Aviation had [REDACTED]

b7D

[REDACTED] Although Intermountain Aviation allegedly employs about 300 personnel, very little is known of its enterprises or officials connected with its operation. and [REDACTED]

Another individual, who requested his identity not be

ENCLOSURE

46 - 55552 - 1

disclosed, advised that during 1966, exact date not known, a Twin Engine Beech Aircraft, 1959 model, was sold by Intermountain Aviation, Inc., Marana, Arizona, to the U. S. Forest Service, Air Operations, Region 3, Albuquerque, New Mexico, for a price of \$135,000, whereas the advertised selling price for such a model aircraft is valued at about \$85,000. The aircraft, in addition, prior to purchase, had two rebuilt engines installed in the aircraft at an additional stipend of \$13,000. The official at that time was [redacted] Officer for the U. S. Forest Service, Albuquerque, New Mexico, but [redacted] to U. S. Forest Service Headquarters in Washington, D. C. [redacted]

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The individual further stated the U. S. Forest Service [redacted] with Air Operations, Albuquerque, New Mexico, [redacted]

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b7C  
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The individual said [redacted]

[redacted] who at the time of the transaction was [redacted] Albuquerque, New Mexico; but also the [redacted]

[redacted] Ac-  
cording to source, [redacted]

b6  
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According to source, [redacted] and a [redacted] are connected with Intermountain Aviation.

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Dun and Bradstreet records at Tucson, Arizona, furnished February 21, 1967, disclose as of October 31, 1966, Intermountain Aviation, Inc., had the following assets and liabilities:



In the interest of speed financial statements are issued as received. These figures are subsequently to be reviewed in relation to rating and included in the report when revised.

## INTERMOUNTAIN AVIATION, INC.

Balance Sheet, 31 October 1966

JAN  
14  
1967



### Assets

MARANA ARIZONA 85238

#### Current Assets:

Cash on hand and in banks	\$ 327,387
Notes and accounts receivable	710,026
Inventories	696,943
<b>Total Current Assets</b>	<b>\$1,734,356</b>

#### Property and Equipment:

Flight	\$1,591,038
Ground and construction in progress	464,119
	<u>\$2,055,157</u>
Less, Depreciation and Amortization	765,506
<b>Net Property and Equipment</b>	<b>1,289,651</b>

#### Other Assets:

Deposits and prepayments	\$ 43,892
Long term advances	<u>226,288</u>
<b>Total Assets</b>	<b>\$3,294,187</b>

INTERMOUNTAIN AVIATION, INC.

Balance Sheet, 31 October 1966

Liabilities and Stockholders' Equity

Current Liabilities:

Accrued salaries and wages	\$	38,034
Accrued payroll taxes		28,147
Accounts payable, trade		97,149
Notes payable		162,644
Other current accruals		88,968
Total Current Liabilities	\$	414,942

Long Term Debt \$1,121,566

Deferred Credits 21,000

Stockholders' Equity:

Common stock	\$	650,913
Paid-in capital		980,663
		<u>\$1,631,576</u>

Retained Earnings:

Prior years' surplus	\$	93,575	
Current year's profit		<u>11,528</u>	<u>1,736,679.</u>

Total Liabilities and Stockholders' Equity \$3,294,187

These Dun and Bradstreet records disclose Inter-  
mountain Aviation, Inc., Aviation Service, Marana Air Park,  
Marana Air Park Restaurant, Marana, Arizona 85238, telephone  
number 602 622-3671, was incorporated in 1961 and is a  
wholly owned subsidiary of Panaero Investment Corp., Reno,  
Nevada.

# Dun & Bradstreet Report

RATING  
CHANGE

SIC	NAME & ADDRESS	STARTED	RATING
-----	----------------	---------	--------

45 82	378-8247 INTERMOUNTAIN AVIATION, INC., MARANA AIR PARK MARANA AIR PARK RESTAURANT (Wholly owned subsidiary of Panaero Investment Corp., Reno, Nevada)	AD 28 NOV 21 1966 N AVIATION SERVICE 1961	-- Formerly INV
-------	---	--	--------------------

MARANA ARIZ 85238  
TEL 602 622-3671

## ADDITIONAL INFORMATION

Further investigation at Reno, Nevada, on Panaero Investment Corp., was unable to provide detailed information on this corporation which is the parent, of Intermountain Aviation, Inc.

In a letter received on Nov 2, 1966, from <sup>Edward</sup> E. L. Mitchell, Jr., vice president of Intermountain Aviation, Inc., following antecedent information was submitted: [redacted]

[redacted] Born [redacted] native of [redacted] Illinois. married.

Attended [redacted]  
Employed by Intermountain Aviation since [redacted] Prior employment included the [redacted]

[redacted] Born [redacted] native of [redacted] North Dakota. Graduated from [redacted] with a degree in business administration. [redacted]

[redacted] for many years prior to joining Intermountain Aviation

as [redacted] Then promoted to [redacted]  
in [redacted] and also as [redacted] then elected [redacted]

11-21 (6 15)

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# Dun & Bradstreet REPORT

RATING CHANGE

SIC 45 82 D-U-N-S 378-8247 DATE OF REPORT CD 28 OCT 31 1966 N  
 INTERMOUNTAIN AVIATION, INC AVIATION SERVICE 1961 INV  
 MARANA AIR PARK Formerly --  
 MARANA AIR PARK RESTAURANT  
 (Wholly Owned subsidiary of Panaero  
 Investment Corp Reno, Nevada)

MARANA ARIZ 85238  
 TEL 602 622-3671

## SUMMARY

PAYMENTS DISC PPT  
 SALES \$2,000,000  
 WORTH \$1,715,626  
 EMPLOYS 220  
 RECORD SEE HISTORY  
 CONDITION SATISFACTORY

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 b7c

PAYMENTS HC OWE P DUE TERMS SEPT 1 1966 SOLD  
 500 100 Disc Over 3 yrs  
 14000 Ppt 3 yrs  
 2000 Ppt Over 3 yrs to 7/18/66  
 100 Ppt Over 3 yrs to 6/24/66  
 100 30  
 Regular

FINANCE On Oct 19, 1966 E. L. Mitchell deferred later statement. Investigation indicates the following condition:

Statement Dec 31 1965

Cash in banks/hand	\$ 148,828	Accts pay	\$ 121,385
Accts rec	550,039	Notes pay short term	1,087,000
inventories	964,616	Notes pay curr	64,223
Notes rec	240,089	Accr payroll/ & payroll	
Deposits	2,425	taxes	97,194
Adv to emp & vendors	27,527	Other accr exp	62,956
		Adv from cust	18,008

Current 1,933,527  
 Fixed assets 1,335,125  
 Ppd exp 51,029

Current 1,450,768  
 Notes pay long term 153,287  
 CAPITAL STOCK 650,913  
 PAID IN CAPITAL 980,663  
 RETAINED EARNINGS 84,050

Total assets 3,319,682 Total 3,319,682  
 Received by mail Mar 2 1966; signed by [redacted] with  
 letter of transmittal.

-----0-----

Mitchell said that inventory item would include supplies, aircraft spare parts and work in process. Fixed assets are net after depreciation of \$513,040. Notes payable short term, included money borrowed for working capital and two aircraft notes. Long term debt also represented money owed on aircraft.

Annual volume estimated at \$2,000,000.

BANKING Cash confirmed, non-borrowing account, balances average low six figures. Relations satisfactory.

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HISTORY [redacted]  
 EDWARD I MITCHELL V PRES IN CHARGE OF FINANCE

DIRECTORS: The officers

- 7 -

(CONTINUED)

PLEASE NOTE WHETHER NAME, BUSINESS AND STREET ADDRESS CORRESPOND WITH YOUR INQUIRY.  
 This report is furnished by DUN & BRADSTREET, Inc. in STRICT CONFIDENCE at your request under your subscription agreement for your exclusive use as a basis for credit, insurance, marketing and other business decisions and for no other purpose. DUN & BRADSTREET, Inc. does not guarantee the correctness of this report and shall not be liable for any loss or injury caused by the neglect or other act or failure to act on the part of said company and/or its agents in procuring

INTERMOUNTAIN AVIATION, INC  
MARANA ARIZ 85238

OCT 31 1966  
Page 2

HISTORY  
(Cont'd)

Wholly owned subsidiary of Panaero Investment Corp., Reno, Nevada.  
Investigation is being continued for details on the parent.

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Arizona corporation chartered Sept 29, 1961 having 1,000,000 shares  
of \$1 par value common stock authorized. Original officers [redacted]

Late 1964 [redacted] reportedly withdrew with [redacted]  
succeeding as [redacted] and [redacted]

[redacted] During 1965 [redacted] withdrew and in 1966 [redacted]  
withdrew.

Antecedent information has not been submitted on [redacted] to  
date.

MITCHELL, born 1923, married. Many years employed by Civil Air  
Transport and subsequently by Aviation Sales & Engineering, Baltimore  
Maryland to Dec 1965.

[redacted] is a practicing attorney at Phoenix, Arizona, associated with  
[redacted]

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OPERATION

Aviation services active as a certified FAA aircraft maintenance  
station, also offers radio repair and service, (60%). Subject certified  
for air freight service on a contract non-scheduled basis (20%) also does  
research and development work for others (20%) with parachute loft operating  
in conjunction. Employs 220. LOCATION: Operates from large air field  
facility having several one story block and metal clad buildings and hangars  
located in outlying area. Premises well maintained.

III-2 (58 25) P-20 T

II-4 (25)

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

F B I

Date: 3/14/67

Transmit the following in \_\_\_\_\_  
(Type in plaintext or code)Via AIRTEL \_\_\_\_\_  
(Priority)

TO: DIRECTOR, FBI

FROM: SAC, PHOENIX (46-1283) (P)

SUBJECT: ET AL  
FAGb6  
b7CD/-DN- 6-9  
RPT/W/6/506/ 623-67  
89%9  
1/1

OO: PHOENIX

Re Bureau airtel to Phoenix dated 3/8/67 and Phoenix airtel to Bureau, et al, 3/2/67.

In referenced airtel, the Bureau requested re-submission of the letterhead memorandum, including preliminary prosecutive opinion of the USA, whether investigation is being conducted and if investigation is instigated that it is imperative that continuous investigative attention be afforded the allegations, and a report be submitted at an early date.

The Albuquerque and Las Vegas Offices, in referenced Phoenix airtel, were previously furnished all present available background information regarding this matter.

LEADS

REC-43

46-55552-2

The Bureau has requested this case be given continuous investigative attention.

ALBUQUERQUE DIVISION

AT ALBUQUERQUE, NEW MEXICO

12 MAR 16 1967

Will discreetly determine through contacts with the following U. S. Forest Service personnel, preferably at their

- 3 - Bureau (Encs. 6) **ENCLOSURE**
- 2 - Albuquerque (Enc. 1)
- 2 - Las Vegas (Enc. 1)
- 3 - Phoenix

GWM:lss

(10)

Approved: \_\_\_\_\_ Sent \_\_\_\_\_ M Per \_\_\_\_\_  
Special Agent in Charge

F497



PX 46-1283  
GWM:lss

respective residences, and obtain verification of the allegation previously referred to concerning the twin-engine Beech Aircraft:

[redacted] U. S. Forest Service [redacted]  
[redacted] U. S. Forest Service [redacted]  
[redacted] U. S. Forest Service [redacted]

b6  
b7c

2. Will also obtain photograph and description of the Beech Aircraft, including the "N" Number. Also the place where the aircraft is stored or maintained and purpose and extent of the use of the aircraft. Also ascertain from above individuals where the file of the Beech Aircraft transaction is maintained, the identity of the official in who's custody the file is kept and then review the file for further verification of the allegation.

3. From the Beech Aircraft file will also ascertain what officials at Intermountain Aviation were contacted or involved in this transaction and the extent of dealings such as kickbacks or gratuities to U. S. Forest Service personnel if revealed. Submit airtel to Phoenix and auxiliary offices re additional leads.

#### LAS VEGAS DIVISION

##### AT RENO, NEVADA

Will through established sources, discreetly determine who the owners or principles (disclosed and undisclosed) are at the time incorporated and the present of the Panaero Investment Corporation, the parent company of Intermountain Aviation, Inc. Obtain if possible a balance sheet of Panaero Investment Corporation and background data on each owner or principle.

#### PHOENIX DIVISION

##### AT PHOENIX, ARIZONA

Will pursue investigation upon receipt of information developed by Albuquerque and Las Vegas Divisions, and will further verify allegations regarding the transaction of the Beech Aircraft or other dealings involving officials of Intermountain Aviation, Inc., and U. S. Forest Service personnel.

PX 46-1283

GWM:lss

AT TUCSON, ARIZONA

Will determine the telephone numbers of the officials listed or unlisted of Intermountain Aviation, Inc., allegedly involved in the allegation and develop background data on each, in an effort to further verify the allegations.

R425

46-55552-2



UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to  
File No.

Phoenix, Arizona  
March 14, 1967

[redacted] Official With  
U. S. Forest Service, Washington,  
D.C.;

[redacted]  
[redacted] U. S. Forest Service,  
Albuquerque, New Mexico;

[redacted]  
U. S. Forest Service, Department of  
Agriculture, Washington, D. C.

b6  
b7C

An individual, familiar with the air industry, who requested his identity not be disclosed, advised FBI Agents February 16, 1967, that the Intermountain Aviation, Inc., at Marana, Arizona, apparently has a [redacted]

[redacted] At the inception of its organization (1961), Intermountain Aviation had [redacted]

b7D

Another individual, who requested his identity not be disclosed, advised that during 1966, exact date not known, a twin-engine Beech Aircraft, 1959 model, was sold by Intermountain Aviation, Inc., Marana, Arizona, to the U. S. Forest Service, Air Operations, Region 3, Albuquerque, New Mexico, for a sum of \$135,000, whereas the advertised value for such a model aircraft was worth only \$85,000. An apparent overpayment of \$50,000.

The U. S. Forest Service officials allegedly involved in this transaction were: (1) [redacted]  
[redacted] Albuquerque, New Mexico [redacted]

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Interviewed on [redacted]  
advised of [redacted]

[redacted] et al

[redacted]  
[redacted] is presently with  
the U.S. Forest Service Headquarters, Washington, D. C.;

(2) [redacted]  
[redacted] Albuquerque, New Mexico,  
[redacted]

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(3) [redacted] U. S.  
Forest Service Headquarters, Washington, D.C., [redacted]  
[redacted]

(4) [redacted] U. S. Forest Service,  
Albuquerque, New Mexico, [redacted] from  
Tucson, Arizona to Albuquerque, New Mexico.

Dun and Bradstreet records at Tucson, Arizona furnished  
February 21, 1967, disclose as of October 31, 1966,  
Intermountain Aviation, Inc., had the following assets:

Cash on hand and in banks	\$327,387.00
Notes and accounts receivable	710,026.00
Inventories	696,943.00
Total Current Assets	\$1,734,356.00
Property and Equipment:	
Flight	1,591,038.00
Ground and construction in progress	464,119.00
	2,055,157.00
Less, Depreciation and Amortization	765,506.00
Net Property and Equipment	1,289,651.00
Other assets	270,180.00
Total Assets	\$3,294,187.00

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[redacted] et al

These Dun and Bradstreet records disclose Intermountain Aviation, Inc., Aviation Service, Marana Air Park, Marana Air Park Restaurant, Marana, Arizona 85238, telephone number 602-622-3671, was incorporated in 1961 and is a wholly owned subsidiary of Panaero Investment Corporation, Reno, Nevada.

Officials of Intermountain Aviation, Inc., are:

[redacted]  
Edward L. Mitchell, Jr., Vice President;

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Assistant U. S. Attorney [redacted] Tucson, Arizona, on March 13, 1967, stated that she would withhold her prosecutive opinion until it had been resolved whether a kickback or fraudulent action has been consummated in connection with the twin-engine Beech Aircraft.

Investigation is being conducted concerning the purchase of the aircraft and whether there has been any violation of a federal statute involving the purchase of the plane.

This contains neither recommendations nor conclusions of the FBI; it is the property of the FBI and is loaned to your agency. It and its contents are not to be distributed outside your agency.

F B I

Date: 4/13/67

Transmit the following in \_\_\_\_\_  
(Type in plaintext or code)

AIRTEL

Via \_\_\_\_\_  
(Priority)

TO: DIRECTOR, FBI

FROM: SAC, PHOENIX (46-1283) (P)

FAG

OO: Phoenix

Re PX airtel to Bureau, 3/14/67, AQ airtel to PX, 3/20/67, and LV airtel to PX, 3/22/67.

For information of Denver and Oklahoma City, there are enclosed herewith copy of Phoenix airtel to Bureau, 3/14/67, and copy of letterhead memorandum, 3/14/67.

Also enclosed for Oklahoma City are xerox copies of photographs of 1959 Beech aircraft #N138Z, copy of the specifications for this aircraft, copy of Supplemental Agreement No. 1 to Contract 13-225, and copy of Purchase Order reflecting total price of 1959 model Beech aircraft at \$135,837.75.

The Albuquerque Division on 3/20/67 furnished photographs of the Beech aircraft, together with copy of the bid and specifications of the aircraft, and results of interview with [redacted] U.S. Forest Service, and [redacted] U.S. Forest Service. None of the Forest Service officials interviewed had any knowledge of kickbacks, gratuities or collusion in the purchase of this aircraft. However, one official indicated that the price paid for the aircraft was exorbitant.

The Las Vegas Division by communication dated 3/22/67 advised as follows:

- 3 - Bureau
- 2 - Denver (Encs. 2)
- 2 - Oklahoma City (Encs. 6)
- 2 - Phoenix

REC 32

GWM/pd

(9)

Approved

Special Agent in Charge

Sent \_\_\_\_\_ M Per \_\_\_\_\_

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PX 46-1283  
GWM/pd

On 3/22/67, [redacted] Nevada Secretary of State's Office, Carson City, Nevada, furnished the following information to SA [redacted]

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Pan Aero Investment Corp. was incorporated under the laws of the State of Nevada on 6/23/65 and is in good standing. On 7/29/65, this company furnished the following list of officers and directors to the Secretary of State's Office:

[redacted]  
c/o Combs Aircraft, Inc.  
Stapleton Airfield  
Denver, Colorado

[redacted]  
c/o Robert Fulton Company  
Newtown, Connecticut

b6  
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[redacted] All the above individuals, with the exception of [redacted] were listed as directors. There were no other directors.

In the list of officers and directors filed with the Secretary of State's Office 7/29/65, all the above individuals, with the exception of [redacted] were again listed as officers and directors. There was no replacement for [redacted] as an officer.

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This corporation had a capitalization of \$3,000,000 with 3,000,000 shares of common stock each at \$1 par value.



PX 46-1283  
GWM/pd

The purpose of the corporation was to engage in any lawful activity.

The resident agent is listed as [redacted]  
an attorney, [redacted] Nevada.

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Nevada law does not require the listing of stock holders or the submission of financial statements and as a result, neither is contained in the file of the above corporation.

AUSA [redacted] Tucson, Arizona, on 3/31/67 advised in absence of evidence or specific allegation of a kickback and without knowing the actual value of the 1959 model Beech aircraft, there would be no purpose at this time to interview U.S. Forest Service officials in Washington. However, the possibility was suggested that if there was no kickback involved, that possibly a conflict of financial interest might be present concerning the subjects in instant matter as stockholders or directors of Pan Aero Investment Corporation or Intermountain Aviation.

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b7C

It is noted that [redacted] of Pan Aero Investment Corporation and that Intermountain Aviation had obtained the 1959 Beech aircraft from Combs Aircraft, Inc., Denver, Colorado.

The Bureau has instructed that it is imperative that this case be given continuous investigative attention in order that a report may be submitted at an early date.

LEADS:

DENVER DIVISION

AT DENVER, COLORADO

At Colorado State Capitol, will at Secretary of State or Corporation Commission Office, determine when Combs Aircraft, Inc. was incorporated, who the present directors or officers are and, if possible, furnish officers and directors as of May, 1966.

PX 46-1283

GWM/pd

Also furnish (1) the present capital of the company, (2) the principal stockholders and especially whether or not the subjects of captioned case have financial interests in the company, and (3) furnish the financial statement as of 1966 for this company.

OKLAHOMA CITY DIVISION

AT OKLAHOMA CITY, OKLAHOMA

Will, at the Beech Aircraft Corporation, determine the value of the 1959 Beech aircraft #N138Z utilizing the specification sheet, Supplemental Agreement No. 1 to Contract 13-225 and Purchase Order #W-1339-F3-66 and determine the original price and value of instant aircraft as of 5/10/66.

PHOENIX DIVISION

AT PHOENIX, ARIZONA

At Arizona State Corporation Commission or Secretary of State's Office, will review records of incorporation of Intermountain Aviation, incorporated in 1961, and determine who the principal stockholders are, if listed, and especially whether or not any of the subjects in captioned case are stockholders or have financial interests in this company.

# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE <b>PHOENIX</b>	OFFICE OF ORIGIN <b>PHOENIX</b>	DATE <b>6/19/67</b>	INVESTIGATIVE PERIOD <b>3/2/67 - 5/31/67</b>
TITLE OF CASE <div style="border: 1px solid black; height: 50px; width: 100%;"></div>		REPORT MADE BY <b>SA</b> <div style="border: 1px solid black; display: inline-block; width: 150px; height: 1.2em; vertical-align: middle;"></div>	TYPED BY <b>lkt</b>
		CHARACTER OF CASE  <div style="text-align: right;">b6 b7C</div> <b>FAG</b>	

## REFERENCE:

Phoenix airtel to the Bureau, 3/2/67.  
 Bureau airtel to Phoenix, 3/8/67.  
 Phoenix airtel to the Bureau, 3/14/67.  
 Albuquerque airtel to Phoenix, 3/20/67.  
 Las Vegas airtel to Phoenix, 3/22/67.  
 Phoenix airtel to the Bureau, 4/13/67.  
 Oklahoma City letter to Phoenix, 5/4/67.  
 Oklahoma City letter to Phoenix, 5/18/67.  
 Denver airtel to Phoenix, 5/15/67.  
 Phoenix airtel to Denver, 5/31/67.

- P -

## A - COVER PAGE

Case has been: Pending over one year ☐ Yes ☒ No; Pending prosecution over six months ☐ Yes ☒ No

APPROVED

SPECIAL AGENT  
IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:

- 4 - Bureau (46-55552)  
 1 - AUSA, Tucson  
 2 - Denver (46-2748)  
 2 - Phoenix (46-1283)

46-55552-4

**REC 33**  
**ST-115**

JUN 23 1967

### Dissemination Record of Attached Report

Notations

Agency	1-Agriculture 2-LA		
Request Recd.			
Date Fwd.	KGP: gap		
How Fwd.			
By	1-5-67		

**STAT. SECT.**

57 JUL 5 1967 F24

PX 46-1283  
GWM//lkt

LEADS:

THE DENVER DIVISION

AT DENVER, COLORADO

Will report results of interview with [redacted]  
[redacted] of Combs Aircraft, Inc., Denver, and  
Pan Aero Investment Corporation, Reno, Nevada.

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THE PHOENIX DIVISION

AT TUCSON, ARIZONA

Will, upon receipt of information regarding  
interview with [redacted] rediscuss merits of  
case with AUSA and determine advisability of interviewing  
officials concerned in Washington, D.C.

b6  
b7C

ADMINISTRATIVE:

Investigation of instant case is being maintained  
in pending status and Bureau has been advised of all  
pertinent developments.

The Oklahoma City Division advised concerning  
interview with [redacted] that no sworn statement was  
obtained nor was interview under oath as the information  
from [redacted] was from an official file of the FAA  
and given to the FBI for presentation to the AUSA, Tucson,  
Arizona.

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The Denver Division advised on May 15, 1967,  
that the only financial statements available to the Secretary  
of State's Office, Denver, are those filed with the Annual  
Corporate Report, one having been filed 4/25/66, and the  
other filed 4/20/67. Copies of these financial reports can  
be obtained if they are desired; however, they do not  
show any information as to how the stock of this company is  
held and by whom, nor as to the identity of any individuals  
having a financial interest in the corporation, other than  
those listed as officers or directors of said company.

PX 46-1283  
GWM/lkt

Therefore, it would appear that the only way to obtain detailed information on the stockholders would be to actually attempt to secure the list of stockholders of record from Combs Aircraft, Inc., Denver.

Since the Bureau and all interested offices previously received referenced airtels 3/2/67 and 3/14/67, predication of investigation in instant case is not being repeated herein.

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - AUSA, Tucson

Report of: SA [REDACTED]

Office: Phoenix, Arizona

Date: June 19, 1967

b6

Field Office File #: PX 46-1283

b7C Bureau File #: 46-55552

Title: [REDACTED]

Character: FRAUD AGAINST THE GOVERNMENT

## Synopsis:

Subjects, employees of U.S. Forest Service, Albuquerque, New Mexico and Washington, D.C., in 1966 purchased a 1959 model twin-engine Beech aircraft, number N1382, from Intermountain Aviation, Inc., Marana, Arizona, for \$135,837.75, whereas the reported advertized value for such model aircraft was \$85,000, an alleged overpayment of \$50,000. Prior to purchase, the aircraft had special radio and radar equipment installed and other alterations. Intermountain Aviation, Inc., Marana, Arizona, was incorporated in 1961 and is a wholly owned subsidiary of Pan Aero Investment Corporation, Reno, Nevada. Pan Aero Investment Corporation was incorporated in Nevada, 6/23/65. Nevada law does not require listing of stockholders or submission of financial statements. [REDACTED] Intermountain Aviation, [REDACTED] was previously employed with [REDACTED] Combs Aircraft, Inc., Denver, is also [REDACTED] of Pan Aero Investment Corporation. Intermountain Aviation obtained 1959 Beech aircraft from Combs Aircraft, Inc., Denver, in 1966. AUSA, Tucson, 3/31/67, withheld prosecutive opinion until determination whether overpayment or kickback actually occurred. AUSA, 5/29/67, requested [REDACTED] Denver, be interviewed regarding instant matter.

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- P -

## Details:

## FEDERAL BUREAU OF INVESTIGATION

Date 3/20/67

[redacted] U. S. Forest Service, Albuquerque, after having been placed under oath, furnished the following information:

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He has been with the U. S. Forest Service for approximately [redacted]. He stated that during approximately May, 1966, [redacted] and that [redacted] has been transferred to Washington, D. C. [redacted] advised that the complete file pertaining to the Forest Service purchase of a Beechcraft twin airplane No. N138Z would be in Washington, D. C. [redacted] advised that invitations to bid on this aircraft as well as negotiations concerning this aircraft, prior to its acquisition, would be maintained in the file in Washington. The file in Albuquerque pertains only to the aircraft's actual purchase and items relating to it after its acquisition.

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[redacted] advised that he first knew about this aircraft being purchased when [redacted]

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[redacted] Arizona. He stated that at this time, he had already [redacted] in Albuquerque. [redacted] stated that since the purchase of this aircraft, he has had an opportunity to review the file pertaining to this aircraft which file is maintained in the Albuquerque Office. He advised that he felt that the specifications which were set forth in the invitation to bid were written specifically for this particular aircraft. He advised that this is not an unusual situation since this has been done in the past on other pieces of equipment which were being acquired by the Forest Service. He stated that in his opinion, the fact that the specifications were written for this particular aircraft would not indicate to him there was any collusion between the contracting officer and the seller. [redacted] was confronted with the fact that [redacted]

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On 3/20/67 at Albuquerque, New Mexico File # AQ 46-1033

by SA JAMES M. SMITH and SA J. PHILLIP CLARIDGE/mww Date dictated 3/20/67

AQ 46-1033

2

[REDACTED]  
[REDACTED] He also pointed out  
that this was impossible since [REDACTED] was already in  
Washington, D. C. when [REDACTED]  
[REDACTED]

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[REDACTED] Arizona, and  
[REDACTED]

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[REDACTED] advised that this aircraft is in regular use at the present time and is being used in fire fighting work. He stated that the plane has now put 70 hours in the air and has two rebuilt engines on it. As far as he knows, the U. S. Forest Service intends to continue operating this aircraft. The aircraft is stored at Cutter Flying Service, Old Municipal Airport, Albuquerque, New Mexico.

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[REDACTED] advised that it was his opinion that the plane was over priced and that the Federal Government actually paid too much for the aircraft. He stated that he definitely does not feel there was any sort of kickback involved, gratuities received by a Federal employee, or

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AQ 46-1933

3

any fraud in connection with the purchase of the aircraft. He stated that if anyone has quoted him as having such an opinion, that they would definitely be incorrect and apparently misunderstood his opinion.

[redacted] made available three photographs of the Beechcraft twin engine No, N138Z, which he stated need not be returned. He stated that from a review of the file, it appears that a [redacted] and a [redacted] of Intermountain Aviation Company were the individuals who talked with Federal employees in the sale of the aircraft. He advised further that the file also shows that Intermountain Aviation Company obtained this aircraft in May, 1965, from the Combs Aircraft, Incorporated, Denver, Colorado.

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## FEDERAL BUREAU OF INVESTIGATION

Date 3/20/67

[redacted] Fire Control U. S. Forest Service at Albuquerque, after having been placed under oath, furnished the following information:

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He has been with the Forest Service as [redacted] and feels that he is somewhat conversant regarding airplanes since he was [redacted]

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He stated that he had no first hand knowledge of any of the transactions involving the procurement of a twin engine Beechcraft plane by the U. S. Forest Service in Albuquerque during 1966, but had made a point of checking into the situation since he felt the price for this plane was exorbitant as compared to the going price of comparable airplanes. He stated that he first heard that the Forest Service was planning to buy this aircraft from the Intermountain Aviation Company in the early summer of 1966 and a price of approximately \$135,000 was quoted as the selling price. [redacted]

[redacted] Arizona, [redacted]

He stated that at that time he concluded that the craft was not worth the price which was being asked. He did not tell anyone in authority at the Forest Service of his opinion and felt that [redacted]

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He stated he has talked with other employees not in authority concerning the purchase price of the craft and his observations. He has also made it a point to read the contract and felt that the contract was written specifically for this plane.

He stated that he had concluded that since the specifications were written specifically for this aircraft,

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He advised that in his opinion, the aircraft does not suit the needs of the U. S. Forest Service and he has had opportunities to fly this aircraft. He stated that he has never heard it expressed, nor does he feel himself, that

On 3/20/67 at Albuquerque, New Mexico File # AQ 46-1033

by SA JAMES M. SMITH/mww Date dictated 3/20/67

AQ 46-1033

2

there was any collusion in the making of this contract purchase nor has he heard or felt himself that there were any kickbacks to any Government employees as a result of this purchase. He stated that at best, he would conclude that it was the stupidity on the part of [redacted] in Albuquerque for purchasing such an airplane at such an exorbitant price.

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## FEDERAL BUREAU OF INVESTIGATION

3/20/67

Date

[redacted] U. S. Forest Service,  
Albuquerque, stated that the following individuals are no  
longer in Albuquerque, New Mexico:

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b7D

[redacted] Washington, D. C.  
[redacted] Forest Service, Washington, D. C.  
[redacted] U. S.  
Forest Service, Washington, D. C.

b6  
b7C

[redacted] advised that he had absolutely no information  
on a first hand basis concerning any of the allegations in  
this matter and has no information on a first hand basis con-  
cerning any invitations to bid, contract specifications, or  
the purchase of the airplane. He stated that [redacted]

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[redacted] re-  
iterated that he had no first hand knowledge concerning any  
transactions involving this particular airplane. [redacted]  
[redacted] in the U. S. Forest Service, Albu-  
querque, pertaining to this airplane and [redacted]

On 3/20/67 at Albuquerque, New Mexico File # AQ 46-1033

by SA J. PHILLIP CLARIDGE  
and SA JAMES M. SMITH/mww Date dictated 3/20/67

PX 46-1283  
GWM/1kt

The Albuquerque Division also made available the copies of pertinent correspondence with U.S. Forest Service concerning the purchase of instant aircraft.

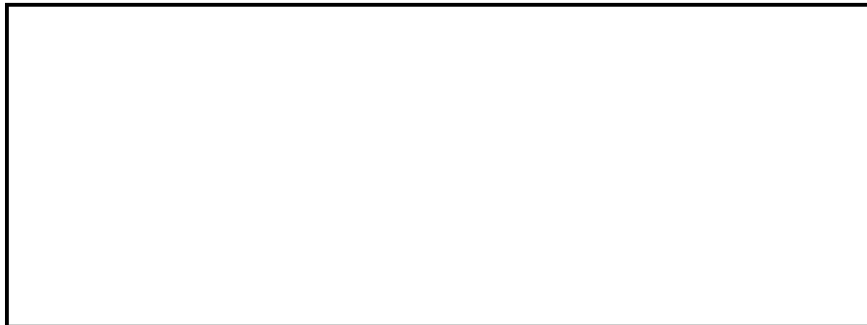
1  
PX 46-1283  
TPC/gle

The following investigation was conducted by SAA  
[redacted] at Phoenix, Arizona, on April 21, 1967:

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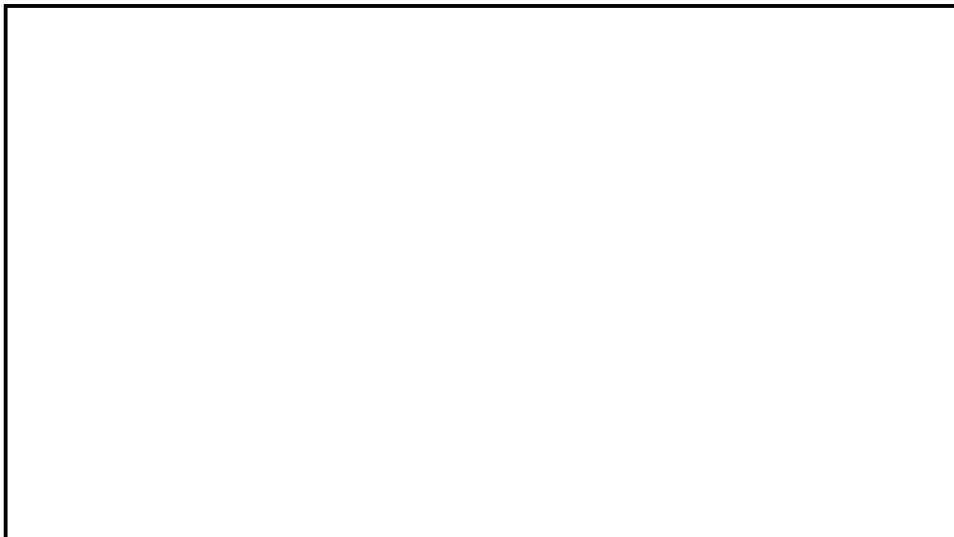
The following information was obtained from a  
review of the records of the Arizona State Corporation  
Commission, Phoenix:

Intermountain Aviation is incorporated in the  
State of Arizona under number 58780. The Articles of In-  
corporation are signed by [redacted]  
and [redacted] The corporations annual report dated  
June, 1964, reflects the following officers:



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The Board of Directors is listed as follows:



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PX 46-1283  
TPC/gle

The annual report of the corporation dated June, 1965, reflected the following officers:



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The Board of Directors of the corporation is listed as follows:



b6  
b7C

The annual report of the corporation dated June, 1966, reflected the following as officers:



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The Board of Directors is listed as being the same as the officers.

## FEDERAL BUREAU OF INVESTIGATION

Date April 28, 1967

1

[redacted] Aircraft Examination Section, Federal Aviation Administration, Will Rogers World Airport, Oklahoma City, Oklahoma, furnished the following information from the records of the Federal Aviation Administration (FAA). He advised that the FAA registration number, N138Z, was for a Beech model G-18S twin engine airplane, 1959 model, and the aircraft manufacturer's serial number is BA-482.

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This airplane was sold in January, 1960 by the Beech Aircraft Corporation, the manufacturer of the airplane. The bill of sale was dated January 1, 1960 and is from the Beech Aircraft Corporation, Wichita, Kansas to ROBERT GRAF, Inc., P.O. Box 265, Tarkio, Missouri, who was the Beech aircraft dealer. The valuation was \$1.00 and other valuable consideration. Then ROBERT GRAF, Inc., sold the airplane to the Duncan Corporation, P.O. Box 265, Tarkio, Missouri on February 3, 1960. The Duncan Corporation gave a mortgage dated February 4, 1960 in the amount of \$197,850.94 to the United States National Bank of Omaha. The sales price was not indicated and the mortgage was presumed to cover the aircraft.

The Duncan Corporation gave another mortgage on February 4, 1960 in the amount of \$198,046.42 to the same bank and it was also presumed this was the same matter.

The Duncan Corporation then sold the airplane to the Combs Aircraft, Inc., Manager #7, Stapleton, Airfield, Denver, Colorado. The bill of sale was dated March 5, 1965 for \$1.00 and other valuable consideration.

Then there is a conditional sales agreement between the Combs Aircraft, Inc., as a seller and the Intermountain Aviation, Inc., Marana Airpark, Marana, Arizona, as buyer, given May 7, 1965 for \$164,720.16 which covers Beech airplane, model G-18S, Serial Number BA-482, FAA registration number N9696R which registration number was later changed to N138Z in July, 1966 for the U.S. Forrest Service.

On 4/19/67 at Oklahoma City, Oklahoma File # OC 46-1999

by SA LLOYD D. PEERY & SA CHARLES W. SIZEMORE/cw Date dictated 4/24/67



2  
OC 46-1999

The conditional sales agreement was assigned to the Colorado National Bank of Denver, 17th and Champa Street, Denver, Colorado on May 7, 1965.

Then on June 20, 1966 a bill of sale was given by the Intermountain Aviation, Inc., to the U.S. Department of Agriculture, U.S. Forest Service, 517 Gold Avenue S.W., Albuquerque, New Mexico for \$10.00 and other valuable consideration. The Colorado National Bank of Denver released the conditional sales agreement on June 8, 1966.

The airplane was converted to tricycle gear configuration on June 23, 1964 by Volitan Aviation, Inc., 12820 Pierce Street, Pacoima, California. This is the company who installed it and was the repair station.

The approximate aircraft or airframe hours in service as of June 8, 1966 which was the last inspection date was 2666 hours. The aircraft as of May 20, 1965 had 2415 aircraft hours.

The file of FAA does not indicate the equipment on the aircraft when sold by the factory.

The file shows that Intermountain Aviation, Inc., made major repairs and alterations on the airplane. A major repair and alteration form shows a description of the work accomplished was "Installed Beech Cargo Door Kit 18-4010 in accordance with Beech Drawing No. 18-4010. Added weight of kit is 68.7 pounds at +2 1/2 arm. Equipment list and weight and balance amended to reflect Change." This form bears the date of February 21, 1966 for the certification that the repair and or alteration was made. The form also bears the stamped date of March 24, 1966 at the top of the form.

Another major repair and alteration form concerning the Beech Aircraft, Model G-18S, Serial Number BA-482, certifies under date May 28, 1965 to the repair and/or alteration. This form also bears the printed date of July 13, 1965 at the top of the form. A description of the work accomplished is shown on the back of the form as follows:

CC 46-1999

Description of Work Accomplished:

Removed the following radio equipment from aircraft. Wilcox 814-A Transponder & mount, Lilcox 785-A functional tester, Dare DR-560 Receiver (Nav/Comm), Dare DNG-4 converter, Removed Narco UDI-2R DME radio equipment as follows: Narco Transceiver, Narco power supply, Narco control head, and Narco Indicator.

ADF System installed using the ARC 21A. Following is list of identified components and where they are installed: ARC 21A Indicator installed in the instrument panel. ARC R-30A receiver is mounted in R/4 side of nose compartment at sta 22, also Dynavert P-14A is mounted forward of receiver in the same area. ARC L 11 loop installed on bottom of fuselage at sta. 94. The ARC C-59A Control Head mounted on floor in front of control pedestal at sta. 72.5.

H.F. System using Collins equipment. The Collins 714 E2 Control Head is installed on floor forward of Main spar at sta. 102. Collins 618-T-3 Transceiver & mount installed in R/side of rear baggage compartment sta. 275. Radio rack was fabricated and installed in L/side at sta. 297, for the Collins 1301-3 Load Unit & mount. The rack was made of .064 aluminum sheet flanged on three sides. Mounted to the stringers by rivets on L/side of floor, and the opposite side of rack was bolted to existing Auto-pilot equipment rack. A "J" box was installed on R/side of aircraft at sta. 297. Installation was accomplished in accordance with CAM 18.30. Radio circuits protected with PSM type circuit breakers. Electrical load analysis conducted, and was satisfactory to comply with CAM 18 i.

4  
OC 46-1999

The conditional sales contract entered into between Intermountain Aviation, Inc., purchaser, and the Combs Aircraft, Inc., under date of May 7, 1965, shows the Beech Aircraft, model G-18S Tri-Gear, Serial Number BA-482 and the following equipment and accessories:

OC 46-1999

ABVQ50RCA Radar, ARC CD-1 Flight Director,  
Full De-icing Equipment, Automatic Pilot Lear L-2, Dual  
Communications DARE 360; Collins 618F1; ARC 15F Omni; Full  
ILS 20 Channel Glidopath & 3 lite marker; DARE ADF1-ADF  
H18 power pack, Jato Standby Rocket Engines; Tri-Gear  
with King Air Brakes; Dual Rotating Beac large Gastanis, Oxygen; 110  
volt inverter & outlets in cabin; Air conditioner, refreshment  
bar & ice chest and other Beech extras.

6  
OC 46-1999

The bill of sale given by the Intermountain Aviation, Inc., to the U.S. Department of Agriculture, U.S. Forest Service, does not show a list of the equipment on the aircraft when the U.S. Forest Service bought it.

## FEDERAL BUREAU OF INVESTIGATION

Date April 28, 1967

1

[redacted] United Airplane Sales of Oklahoma, Inc., Wiley Post Airport, Oklahoma City, Oklahoma, advised his company was a dealer for the Beech Aircraft Corporation, Wichita, Kansas. At the present time the corporation is owned by the Beech Aircraft Corporation, but this is believed to be a temporary set up.

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He advised that model G-18S twin engine Beech airplane was manufactured in late 1959. The A.D.S.A. Aircraft Bluebook published by the Aircraft Dealers Service Association, P.O. Box 621, Aurora, Colorado for the 2nd quarter of 1966 shows the approximate retail value selling price of a used model G-18S Beech Airplane as \$67,500.00 for 1966. This does not include a tricycle landing gear which the aircraft had when purchased by the U.S. Forrest Service from the Intermountain Aviation, Inc.

He advised the model G-18S twin engine Beech Airplane was manufactured with a gross weight of 9700. The questionnaire for the twin engine Beech aircraft in question shows a gross weight of 9900 which indicates some one has modified the airplane which would change the value.

The approximate installed cost of a tricycle landing gear was \$22,500. The original selling price for a model G-18S twin engine airplane not including the tricycle landing gear was \$126,000 which was a base price. Optional equipment would make the airplane run more and the airplane could have been sold new for \$200,000 or \$225,000 depending upon the type of equipment the airplane had.

There are various modification kits for this model airplane and the addition of these items and or modification of the airplane could effect the value. Also it would be impossible to determine the value of electronic equipment in the airplane.

During the latter part of 1966 and early 1967 the value of this model aircraft declined sharply so this would make a difference of what this model would have been sold for in May, 1966 as compared with December, 1966 for example.

On 4/13/67 at Oklahoma City, Oklahoma File# OC 46-1999

by SA CHARLES W. SIZEMORE/cw Date dictated 4/24/67

2  
UC 46-1999

[ ] advised that without actually seeing the airplane and knowing exactly what equipment it had on it and the condition of the airplane, he would not be able to determine the value or the worth of the airplane as of May 10, 1966. Therefore he did not desire to furnish a sworn signed statement or be interviewed under oath in this matter. b6 b7c

He advised that in order to check the records of the Beech Aircraft Corporation, Wichita, Kansas concerning this particular airplane it would be necessary to have the serial number of the plane instead of the FAA registration number N138Z.

1

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b6  
b7C

[illegible]

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b7C



DN 46-2748

DLS:ckp

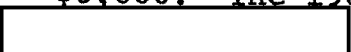
2



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Members of the Board of Directors were listed as



The authorized stock of Combs Aircraft, Inc., is 25,000 shares common at \$1 par value. Issued shares reflect 6,000 shares common stock at \$1 per share, with no breakdown as to stockholders. Capital listed as raised from sale of stock - \$6,000. The 1967 Annual Report was filed and certified to by  Vice-President and Secretary-Treasurer of the corporation.

A review of the 1966 Annual Report for Combs Aircraft, Inc., filed April 25, 1966, reflected the officers as:

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The Board of Directors was made up of the same four individuals whose residence addresses were identical to those addresses listed in the 1967 Annual Corporate Report.

ch

PX 46-1283  
GWM/lkt

On May 17, 1967, instant matter was discussed with Assistant U.S. Attorney (AUSA) [redacted] Tucson, Arizona. [redacted] desired additional time to examine statements and material furnished by Oklahoma City and Denver before pursuing investigation by rendering an opinion regarding possible prosecution. b6 b7C

On May 29, 1967, [redacted] suggested that without the benefit of the interview with [redacted] President of Combs Aircraft, Inc., and President of Pan Aero Investment Corporation, Reno, Nevada, basis for this investigation would depend upon the corroboration of [redacted] testimony either for denial or confirmation of the value of the aircraft at the time of its purchase. The additional installations of radar and radio equipment could possibly have accounted for the alledged \$50,000 overpayment in the price of the aircraft at the time of its purchase. b6 b7C

# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE <b>DENVER</b>	OFFICE OF ORIGIN <b>PHOENIX</b>	DATE <b>6/23/67</b>	INVESTIGATIVE PERIOD <b>6/20/67</b>
TITLE OF CASE  <div style="border: 1px solid black; width: 150px; height: 20px; margin: 5px 0;"></div> <b>ET AL</b>		REPORT MADE BY  <b>DONALD L. SIEFERS</b>	TYPED BY <b>vf</b> <span style="float: right;">b6 b7C</span>
		CHARACTER OF CASE  <b>FAG</b>	

REFERENCE: Phoenix airtel to Denver, dated 5/31/67.

- RUC -

LEAD:

THE PHOENIX DIVISION

AT PHOENIX, ARIZONA:

Will discuss with USA the advisability of contacting [redacted] telephone number [redacted] whom [redacted] indicated would be the most logical person to have detailed knowledge of the aircraft involved in this matter.

- A\* -

## COVER PAGE

Case has been: Pending over one year ☐ Yes ☐ No; Pending prosecution over six months ☐ Yes ☐ No

APPROVED

SPECIAL AGENT  
IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:

- ④ - Bureau (46-55552)
- 3 - Phoenix (46-1283)  
(1 - USA, Phoenix)
- 1 - Denver (46-2748)

46-55552-5

**REC 53**

JUN 27 1967

### Dissemination Record of Attached Report

Agency	Request Recd.	Date Fwd.	How Fwd.	By

Notations

STAMP

59 JUL 6 1967

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Phoenix

Report of: DONALD L. SIEFERS  
Date: June 23, 1967

Office: Denver, Colorado

Field Office File #:

46-2748

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b7C

Bureau File #:

46-55552

Title:

[REDACTED]  
ET AL

Character:

FRAUD AGAINST THE GOVERNMENT

Synopsis:

[REDACTED] Denver, advises he has not been connected with Pan Aero Investment Corporation [REDACTED]. [REDACTED] He had no information relating to instant aircraft, but did indicate that radar or similar electronic equipment could greatly increase the price of a given aircraft.

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- RUC -

DETAILS:

[REDACTED] of Combs Aircraft, Inc., which is now owned by the Gates Rubber Company of Denver, Colorado, Stapleton International Airport, Denver, Colorado, on June 20, 1967, advised he has not been connected with Pan Aero Investment Corporation [REDACTED].

[REDACTED] He advised [REDACTED]  
[REDACTED]b6  
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[REDACTED] advised he is familiar with Intermountain Aviation, Inc., and persons who actually owned same and they are in his opinion very high type of people and financially well to do.

DN 46-2748

[ ] advised that he was not directly supervising any business of Pan Aero Investment Corporation which would have involved their subsidiary, Intermountain Aviation, Inc., when he was with the company and the aircraft in question is not familiar to him nor would he have any information in his personal files in connection with this aircraft. [ ] advised he could not estimate the given price of a particular aircraft without having full details as to the equipment the aircraft would carry and stated that the price of an aircraft increases greatly if it has considerable electronic equipment. He advised radar as one item could increase the cost of a given aircraft anywhere from \$15,000.00 to \$40,000.00, depending upon the type and quantity of equipment installed in a particular aircraft.

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[ ] advised that Intermountain Aviation, Inc., to his knowledge, was actively administrated by [ ] who can be located at Arizona telephone number, Area Code [ ] number [ ] and that [ ] would be the person whom he felt would be in possession of detailed information on any aircraft sold by Intermountain Aviation, Inc., and would be able to give a detailed analysis of the cost of the particular aircraft based upon its age, condition, and equipment which it carries.

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[ ] advised he could furnish no further information in connection with this matter and suggested that [ ] might be the best individual to be contacted in this matter.

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# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE <b>PHOENIX</b>	OFFICE OF ORIGIN <b>PHOENIX</b>	DATE <b>8/15/67</b>	INVESTIGATIVE PERIOD <b>7/6 - 8/14/67</b>
TITLE OF CASE <div style="border: 1px solid black; height: 20px; width: 150px; margin: 5px 0;"></div> <b>ET AL</b>		REPORT MADE BY <b>SA G. WAYNE MACK</b>	TYPED BY <b>gle</b>
		CHARACTER OF CASE  <b>FAG</b>  <div style="text-align: right;">b6 b7C</div>	

**REFERENCE:**

Report of SA DONALD L. SIEFERS, 6/23/67 at Denver.

ACCOMPLISHMENTS CLAIMED <b>NONE</b>						ACQUIT- TALS	CASE HAS BEEN:  PENDING OVER ONE YEAR <input type="checkbox"/> YES <input type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input type="checkbox"/> NO	
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES			
<div style="display: flex; justify-content: space-between;"> <span>APPROVED</span> <span>SPECIAL AGENT IN CHARGE</span> </div>						DO NOT WRITE IN SPACES BELOW		
COPIES MADE: <b>④ - Bureau (46-55552) (AM)</b> <b>1 - AUSA, Tucson</b> <b>1 - Phoenix (46-1283)</b>  <b>A* - COVER PAGE</b>						46	55552-6	REC-4
						AUG 17 1967		EX-138
Dissemination Record of Attached Report						Notations  <div style="font-size: 2em; transform: rotate(-15deg); opacity: 0.5;">STAT. SECT.</div>		
Agency	1-Agriculture							
Request Recd.	2-RHO							
Date Fwd.	/ 14							
How Fwd.	By P. J. [Signature]							
By	8-29-67							

**50 AUG 30 1967**

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - AUSA, Tucson

Report of: SA G. WAYNE MACK  
Date: 8/15/67

Office: PHOENIX

Field Office File #: PX 46-1283

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Bureau File #: 46-55552

Title:

ET AL

Character: FRAUD AGAINST THE GOVERNMENT

## Synopsis:

[redacted] of Intermountain Aviation, Inc., Marana Airpark, Marana, Arizona, advised 8/7/67 that instant Tri-gear Beechcraft, Model G 18 S, sold to U.S. Forest Service, 5/10/66 for \$135,837.75; furnished photocopies of documents. Aircraft equipped with avionics and additional equipment to meet U. S. Forest Service specifications. [redacted] claimed no arrangements with anyone for any kickback on this transaction and would make available, if desired, a certified and sworn cost analysis statement. AUSA, Tucson, declined prosecution in absence of any information to support original allegation and, therefore, no evidence of any violation obtained.

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## DETAILS:

On July 6, 1967, Assistant U. S. Attorney [redacted] Tucson, Arizona, requested interview of [redacted] of Intermountain Aviation, Inc., to determine value of instant aircraft and circumstances of the sale in an effort to further determine the credibility of the original allegation.

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Efforts to contact [redacted] Intermountain Aviation, Marana, Arizona, on July 19, 27 and 28 and August 4 1967, were unsuccessful. On August 4, 1967, [redacted] secretary advised that [redacted] would be back in town on August 7, 1967, and scheduled an appointment at 2 p.m.

## FEDERAL BUREAU OF INVESTIGATION

Date 8/15/67

[redacted] of Intermountain Aviation, Inc., Marana Airpark, after being placed under oath, furnished the following information:

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He said the Model G 18 S Trigear Beechcraft plane they sold to the Forest Service May 10, 1966, had been acquired by their company from Combs Aircraft Company about nine months before. They sold it for \$135,837.75. He said their purchase price when they acquired it from Combs Company was approximately \$128,000.00. He said he did not have the exact figures available but, if necessary, can have their accounting department make up a certified and sworn cost analysis statement if desired.

He said this plane had on it much more avionics than the average craft, thereby increasing its value. He also said that they added equipment at their shops to meet Forest Service specifications. He said their profit margin on this transaction was extremely low and they should have gotten more money for the aircraft.

[redacted] said there definitely was no arrangement with anyone for any kickback on this transaction. He continued by saying that if the person, who made an allegation that the selling price was excessive, could find a similar plane equipped the same, he would gladly buy it for the same price.

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[redacted] made available Xerox copies of the following documents to support the above statements:

On 8/7/67 at Marana, Arizona File # PX 46-1283

SA RAYMER P. PETERS, JR.

by & SA KERMIT F. JOHNSON KFJ/gle Date dictated 8/8/67



**INTERNATIONAL AVIATION, INC.**  
**OFFERING SUPER G-166 TRI-GEAR**

**FEATURING**

AVQ-50 "X" Band Weather Radar  
Full De-icing/Anti-icing  
H-18 Power Pack  
Full Dual IFR Instrumentation and Electronics  
Lean Autopilot

**GENERAL**

One previous owner - immaculate aircraft having had the highest level of maintenance care. Never damaged. For full specifications see attached schedules.

**AVIONICS**

Latest and most complete Navigation and Communications Equipment included with full provisions for Long Range Single Sideband Collins 616-T3 RF. (For a detailed listing of specific Avionic components, see attached specifications).

**EXTRA EQUIPMENT**

Hindshield alcohol  
High pressure oxygen  
King Air brakes  
Sonotone Battery  
318 Gallon fuel capacity  
Vertical Fin De-Icers  
Dual Ice Lights  
Windshield Wipers  
Dual Rotating Beacon  
110-volt outlet for observer, recorder, etc.  
H-18 Power Pack with elec. cowl flaps  
Fuel injection engines (Randix)  
Accordion door between cabin and cockpit  
\*Airconditioning system (Beech) and aux. power receptacle for ground use of air conditioner  
Combustion Heater  
Latest Super-Size Cargo Door 52 x 57 (63" high at aft end) enabling passenger or cargo utility use  
Convertible interior with quickly removable bulkhead  
Chemical toilet and compartment  
\*Full Aero-Jet JATO provisions for two bottles providing 350 lbs. thrust each for 12 seconds  
Five deluxe reclining seats  
Leading edge landing lights  
Hose tow bar

EXTRA EQUIPMENT (CON'T)

Full shawnee installation  
Refreshment cabinet and ice chest  
Two card tables and magazine rack  
Beige, brown and gold interior decor  
Exterior painted in harmonizing Saturn Gold with Beaver  
Brown stripe and white top

\* - Items may be included at purchaser's option.

WS6962 SUPER C-183 TRI-GEAR

BASIC SPECIFICATIONS

(Accrued Time as of February 1, 1966)

Total Airframe Hours	2,562:45
Left Engine S/N 12771 (S-985-AP143)	667:10
Right Engine S/N JP 205426	600:50
Left Prop SN 9378	73:20
Right Prop SN 9078	667:10
Normal Empty Weight approx.	7,500 lbs
Max. Gross T. O. Weight approx.	9,700 lbs

*instruments*  
FLIGHT INSTRUMENTS

*instruments*  
ENGINE INSTRUMENTS

<u>Dual</u>	<u>Single</u>
Airspeed	Turn & Bank
Altimeter	Date of Climb
Art. Horizon	Clock
Directional Gyro	

<u>Dual</u>	<u>Single</u>
Tachometer	Suction
M. P. Gage	Oil Temp. Gage
C. H. Temp.	
Fuel Flow	
Carb. Mix Temp.	
Engine Gages	

*Avionics*  
AVIONICS

VHF	Dare	DTR-360B	Transceiver
VHF	Collins	618P-1A	Transceiver
VHF Nav	ARC	R35A	Receiver
ADF	Dare	DADP-1	Receiver
ADF	ARC	21A	Receiver
	Dare	24-3	Marker Beacon
	Dare	FGS-20	Slide Scope
HF	Collins	118T-3	Transceiver
	RCA	AVQ-50	Weather Radar
	Lear	L.	Autopilot

Optional at extra cost

Purchase price does not include following items which may be included at purchaser's option:

- 1 Collins 118T-3 System
- 1 Air-conditioning Unit
- x 1 JATO bottles

125-  
130-

\* TOTAL COST OF THIS AIRCRAFT  
\$100,000.00

Beechcraft

N9696R

o m b s

AIRCRAFT, INC.

STAPLETON INTERNATIONAL AIRPORT • DENVER, COLORADO 80207 • PHONE 388-2471 AREA CODE 303

SUPER G-18S TRI-GEAR

FEATURING

- 2465: TT  
345: LE  
280: \* Radar AVQ 50  
\* Full De-Icing  
\* H-18 Power Pack  
\* Full Dual IFR Instrumentation & Electronics  
\* Autopilot - LEAR  
\* Transponder  
\* DME w/GSI

GENERAL

A One Owner Immaculate Aircraft Having Had the Highest Level of Corporate Care and Maintenance. Never Damaged. Engine Hrs: Left - 420: Right - 330.

ENCIRCLED ITEMS WOULD REMAIN IN AIRCRAFT

ELECTRONICS

Dual Communication:

- Keep #1 Dare 360 Channel Transceiver w/Dual Crossover Heads  
Keep #2 Collins 618F1 360 Channel Transceiver  
Dual Omni:  
Change out #1 ARC 15F w/Channeled Glide Path  
out #2 Dare 560  
change out DME: Narco Remote Distance Measuring with Ground Speed Indicator  
out ILS: 20 Channel Glide Path  
change out ADF: Dare DADF-1 add better set  
out Course Director System: CD1 with Slaved Compass  
Keep out Transponder: Wilcox 814

AUTOPILOT

Lear L-2 w/Deluxe Head and Alt Hold RCA AVQ 50 w/5" Panel Scope

\* RADAR

EXTRA EQUIPMENT

- 6
- |                       |  |
|-----------------------|--|
| * Windshield Alcohol  | * Dual Ice Lights                            |
| * High Psr Oxygen     | * Windshield Wipers                          |
| * King Air Brakes     | * Dual Rotating Beacon                       |
| * Sonotone Battery    | * 110 Volt Outlet for Shaver, Recorder, etc. |
| * 318 Gal Gas         | * H-18 Power Pack w/Elec Cowl Flaps          |
| * Vert Fin De-Icers   |  |
| * Provisions for Jato |  |

NEW HIGHER THRUST Any Many Others  
(700 lbs THRUST) JATO BOTTLES - 700 EA - 1400 TOTAL - WILL INCREASE ALLOWABLE TAKE OFF WT DUE TO EXTRA AVAILABLE POWER.

CABIN AND EXTERIOR

5 Reclining Chairs \* Air Conditioning \* Dual Thermos Installation \* Refreshment Cabinet and Ice Chest \* Two Card Tables and Magazine Rack \* Interior Done in Beige, Brown and Gold - Immacutely Cared For \* Exterior Painted in Harmonizing Saturn Gold with Beaver Brown Stripe and White Top

Asking \$159,000

\* = SURPLUS RADIO EQUIPMENT WHICH CAN BE REMOVED TO REDUCE AIRCRAFT WEIGHT BY 148 lbs AND PRICE BY \$11,000.



UNITED STATES DEPARTMENT OF AGRICULTURE  
FOREST SERVICE  
WASHINGTON 25, D.C.

IN REPLY REFER TO  
5700

May 11, 1966

MAY 14 1966

Director  
Aircraft Registration Branch  
Federal Aviation Agency  
P.O. Box 182  
Oklahoma City, Oklahoma

Dear Sir:

The Forest Service recently awarded contracts for the purchase of two airplanes. We are assigning FAA identification numbers from the block of numbers issued for our use as follows:

- |   |                         |              |
|---|-------------------------|--------------|
| 1. Walston Aviation<br>Box 271<br>Alton, Illinois                     | Cessna<br>Super Skylane | FAA No. 1632 |
| 2. Intermountain Aviation, Inc.<br>Marana Air Park<br>Marana, Arizona | Beechcraft<br>C-18S     | FAA No. 1382 |

A copy of this assignment letter is being sent to the above contractors.

Thank you for your cooperation.

Sincerely yours,

MERLE S. LOWDEN, Director  
Division of Fire Control

By

[Redacted Signature]

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b7C

cc: Intermountain Aviation



UNITED STATES DEPARTMENT OF AGRICULTURE  
FOREST SERVICE  
WASHINGTON, D.C. 20250

IN REPLY REFER TO  
6320  
13-225

MAY 18 1966 *24* May 11, 1966

Intermountain Aviation, Inc.  
Morana Air Park  
Morana, Arizona 85238

Gentlemen:

This is to confirm my telegram of May 10, 1966 advising that your bid of \$132,900 for the twin engine airplane covered under Invitation No. FS-26-66 is accepted.

The FAA registration number assigned the aircraft is 138Z.

[redacted] has been designated as the contracting officer's representative to inspect and accept the aircraft for the Government. His address is U.S. Forest Service, Federal Building, 517 Gold Avenue, S.W., Albuquerque, New Mexico 87101. Telephone: [redacted] Please contact him as soon as the aircraft is ready for inspection.

In accordance with the telephone agreement with [redacted] we have issued Supplemental Agreement 1 to the contract to include installation of additional radio equipment in the aircraft. Copies of the agreement are enclosed and if the terms are agreeable to you, please sign and date the original copy and return it to this office.

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Attached are copies of Standard Form 100 for your completion and submission as specified thereon. Also attached are copies of PC-13 forms for pasting since the contract is subject to the terms of the Walsh-Healey Public Contracts Act.

If you have any questions regarding the contract, please contact [redacted] or this office.

Sincerely yours,

[redacted]  
Contracting Officer

( COPY OF LETTER, FORM 100 AND  
COPY OF P.O. AND SUP. AGREEMENT #1  
sent to A/VPF via VPF  
PC-13 Forms sent to DTS for posting )



9.1

UNITED STATES DEPARTMENT OF AGRICULTURE  
FOREST SERVICE

SOUTHWESTERN REGION

517 GOLD AVENUE, SW  
ALBUQUERQUE, NEW MEXICO

IN REPLY REFER TO

5700

May 19, 1966

Your Reference 4/21 SA213-66

Intermountain Aviation Inc.  
Marana Air Park  
Marana, Airzona

Attention:

Gentlemen:

This has been discussed with  Your items 1 through 4 are in accordance with his understanding of discussions concerning the matter.

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You have since been notified that Intermountain has been the successful bidder on the Tri-Gear Twin. It is also my understanding that you have received specific written instructions in connection with the contract and with the installation of the DME and transponder.

Sincerely yours,

Division of Fire Control -  
State and Private Forestry





CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL  
CHAIRMAN OF THE BOARD

R. W. MCFALL  
PRESIDENT

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

429P PDT MAY 10 66 LA608

L TSA484 GOVT PD 3 EXTRA TDTS PWS WASHINGTON DC 10 421P MST  
INTERMOUNTAIN AVIAIATION INC

MARANA ARIZ

YOUR BID OF \$132,900 UNDER FS-26-66 AWARDED TODAY. CONTRACT  
NO. 13-225 AND PURCHASE ORDER WILL BE SENT TO YOU THIS WEEK.

[REDACTED] DEPT OF AGRIC FOREST SVC WASHDC

b6  
b7c

\$132,900 FS-26-66 13-225  
(28).

MAY 12 1966

6223671

COPIES SENT TO: DTS  
AVPF AND CTR

TO	13
FROM	DE 4508
DATE	7

SF1201(R2-65)

June 20, 1966

**AIRCRAFT ACCEPTANCE AGREEMENT**

**N138Z (formerly N9696R)**

Intermountain Aviation, Inc.,  
Marana Air Park  
Marana, Arizona 85238

Gentlemen:

Based upon the authority vested in me by [redacted] Contracting Officer, in U.S.F.S. letter 6320-13-225 of May 11, 1966, I have inspected the Beech Tri Gear identified as N138Z and find that it meets in full the terms of USDA Purchase Order W1339-FS-66, as well as prescribed USFS purchase specifications.

b6  
b7C

[redacted]  
U. S. Forest Service

Courtesy copy to: U. S. Dept. of Agriculture  
Forest Service  
Room 226, Liberty Loan Bldg.,  
Washington, D. C. 20250

CC: [redacted] U. S. Forest Service

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

May 6, 1966  
SA 259-66

USDA Reference: #6320 (FS-26-66)

United States Department of Agriculture  
Forest Service  
Washington, D. C. 20250

Attention:  Acting Contract Officer

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Gentlemen:

We apologize for the oversight in omitting the information on page 3 titled "Special Provisions". It has been our experience, however, that in the used aircraft market, warranties are seldom given or solicited. Intermountain Aviation accordingly has no standard warranty policy to cover used aircraft; however, in compliance with paragraphs 1, 2, and 3 under Section (b), we are extending you a ninety (90) day warranty covering all airframe components. We would also like to mention that although not called out on your bid schedule, Intermountain Aviation is offering this aircraft with a fresh periodic inspection at the time of delivery to the customer.

In response to your specific questions, we are providing you with the following:

Relative to Item B1:

Reports of defective assemblies or parts covered under warranty should be directed to the undersigned.

Relative to Item B2:

Replacement or defective items can be immediately obtained from:

Intermountain Aviation, Inc.,  
Marana Air Park  
Marana, Arizona 85238  
Attention: Material Manager

Relative to Item B3:

For prompt response to requests for parts and/or technical assistance,  
telephone or send a teletype message to:

Intermountain Aviation, Inc.,  
Marana Air Park  
Marana, Arizona 85238  
Attention: Director, Technical Services

TWX No. 510 838-3201 (8 a.m. to 4:30 p.m.)

Telephone: Area Code 602 Telephone 622-3671 (24 hours daily)

Sincerely yours,

INTERMOUNTAIN AVIATION, INC.



Sales Administrator

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RFW/vm

CNSO:

→ Central File  
SA File  
MM  
DTS

PX 46-1283  
GWM/gle

On August 7, 1967, [redacted] Secretary,  
U. S. Attorney's Office, Tucson, Arizona, advised SA [redacted]  
[redacted] that Assistant U. S. Attorney [redacted] was on  
vacation and would not return until August 14, 1967.

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On August 14, 1967, Assistant U. S. Attorney [redacted]  
[redacted] advised, after being apprised of results of inter-  
view with [redacted] that prosecution in instant  
case is declined since no information or evidence was ob-  
tained to substantiate the original allegation, and conse-  
quently no violation was apparent.